Royal Gold, Inc.

Investor Update Conference Call

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PRESENTATION

Operator
Good morning. My name is Kate, and I will be your conference operator today. At this time, I would like to welcome everyone to the Royal Gold Investor Update Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star, followed by the number one, on your telephone keypad. If you would like to withdraw your question, please press star, then two.

You may also ask a question via the webcast by typing it into the Q&A widget. The video screen can be minimized or reduced in size to allow submission during the prepared remarks. Please note, this call is being recorded. Thank you.

Alistair Baker, you may begin your conference.

Alistair Baker
Good morning, and welcome to Royal Gold Investor Update. My name is Alistair Baker. I'm the Vice President of Investor Relations and Business Development for Royal Gold. We planned to hold in-person Investor Day events last year in Toronto and New York, but unfortunately travel restrictions forced us to cancel. I hope today's virtual program will give you a good update on Royal Gold, and although we can't meet and mingle in person, our entire management team is present and available to answer questions today.

Next slide. We'll run through a program, starting with strategic comments from our CEO, and then move into discussions of how we think about business development, growth, ESG, and capital allocation in today's environment. We've also invited John Munro from Khoemacau Copper Mining to provide some additional detail on the Khoemacau project. Prepared remarks will run for a bit less than two hours, and then we'll open things up for a Q&A session. The event is being webcast live, and you will be able to access a replay on our website.

Next slide. During the event, we will make forward-looking statements, including statements about our projections and expectations for the future. These statements are subject to risks and uncertainties that could cause actual results to differ materially from these statements. These risks and uncertainties are discussed in our filings with the SEC.

We will also refer to certain non-GAAP financial measures, including adjusted net income, adjusted EBITDA, cash G&A, net debt, and net cash. Reconciliations of these non-GAAP financial measures to the most direct comparably GAAP measures are available as an appendix to this slide presentation and in our second quarter results press release, which can be found on our website.

I'll now turn it over to our President and CEO, Bill Heissenbuttel, and we'll start off the event with a strategic review of Royal Gold.

William H. Heissenbuttel
I would first like to thank all of you for joining me, our management team, and our guest from Khoemacau, John Munro, for today's Investor Analyst Virtual Update Call. I hope everyone on the call remains safe, and I hope this calendar year represents a year of transition to something more normal, which will allow us to meet in person for our next update. I will make some initial

introductory statements on our past results, our team, and our strategy, and then we'll turn the presentation over to our management team to walk you through their areas of expertise.

Although many of you know me, and my bio is available in our materials for you to review, I thought I would provide you with some background on me that may help you understand how I see our business. I've been with the company since 2006 and have, at times, had responsibility for business development, operations, and the finance areas of the company. I was named President and CEO in January 2020.

I have a project finance background and have been involved in the mining industry since 1994. Although my background is in finance, my years of experience in the industry have left me with a great appreciation for understanding the technical risks associated with the mining industry. You can fix many financial ills, but you can't fix geology, grade, and in some cases metallurgy. So, Mark Isto and his technical team are critical to what we do to ensure proper assessment of these critical risks.

The other thing I bring from my financial background is an understanding that streams are life-of-mine contracts, and operators should be looking for partners and not transactional counterparties when identifying streams as a source of capital. That is why I try to set an internal goal with being the financing partner of choice in this industry.

Next slide. I wanted to start with a brief review of our recent revenue, cash flow, and net income results but set it in a strategic context. The company's Board went through a rigorous process in selecting the CEO to succeed Tony Jensen. And my selection was a signal that we believe our gold-focused and streaming model-focused strategy was working. I think that is evident in these numbers.

Over the five years pictured here, you can see an overall upward trend in all of these measures, and I think a 9 percent cumulative average growth rate on a 10-year revenue on a look-back basis is an indication of the success we have seen in the recent past. I believe these results should also be set in the context of a per-share measurement. We have not done an equity issue since 2012, so all of the growth you see in these charts is accretive growth.

It is also leveraged growth because over this five-year period, our revenue grew almost 40 percent while our operating cash flow grew by over 100 percent. This is a fundamental strength of the royalty and streaming model. We are so efficient, with very limited overhead costs, that much of the revenue that we can generate ultimately is reflected in cash flow from which we can pay for future growth, debt reductions, and returns to our shareholders.

As an example, our strong cash flows this year have allowed us to take the decision to fully repay our revolving credit at the beginning of April, while simultaneously funding $29 million toward Khoemacau, which, barring any future funding needs, could result in the last payment we make to the project. We still have about $50 million available to Khoemacau, but that amount is not currently anticipated to be required to get through start-up.

Next slide. Much of that revenue growth has been gold-focused. We have internal minimum thresholds for precious metals revenue, and gold in particular, but we don't treat those minimums as targets. We do not seek non-precious metal opportunities because we have room to move our gold revenue down in the mix. We're not trying to offer shareholders a balanced commodity mix. This is a gold-focused company.

My answer to the question, “Well, how much gold do you want to have as part of your revenue?” would be “more.” That is not to say that we’re not interested to entertain silver or PGM opportunities, nor that we have shut the door completely on base metal investments. I think those opportunities would simply rank a bit lower in our list of project review priorities for our business development efforts.

Next slide. I mentioned our high-margin business, and this can be seen in our adjusted EBITDA margin over the past few years and the relatively constant level of general and administrative expenses. That adjusted EBITDA margin is actually a little understated because it deducts our cost of sales from our revenue. If you treated our stream revenue as net of the cost of sales rather than gross, you would have a significantly higher calculation.

We still only have 28 employees, so when you look at our market capitalization per employee and revenue per employee, it not just exceeds the figures for mining operating companies, but is well above the efficiency darlings of Amazon, Apple, Facebook, and Netflix. You may wonder how we can handle the multitude of tasks, particularly due diligence, with such a limited staff. And I can assure you that we do use outside consultants to supplement our resources as and when needed.

Next slide. We are the oldest continuously publicly traded royalty company amongst our competitors. We have the combination of the older, more mature royalty business, which was the foundation of our company, and the newer financed-focused stream business. While our business is currently weighted 70 percent towards streams, I would expect that percentage to increase over time, as I think streams represent the greatest potential source of future growth for the company.

The tax treatment for these two businesses is different. The royalty business is taxed at the higher foreign or U.S. tax rates, with foreign tax credits typically available to avoid double taxation, while our stream business is governed by Swiss tax law, with an overlay of the minimum global tax in the U.S. that was part of the most recent tax legislation. And Paul will touch on this a bit later.

Our four offices may seem like a lot for 28 people, but there are strategic reasons for their existence. Denver is our home base. Our offices in Toronto and Vancouver exist to be close to the mining industry in North America. And Switzerland houses our streaming business, while giving us a presence in the U.K. and Africa time zones.

The only thing to note about the map is how we have our management team distributed throughout the office locations. My ops and IR leaders are in Toronto, business development is in Switzerland and Canada, and finance and legal are Denver-based. What this means is we’ve been operating as a remote management team for a lot longer than COVID-19 has been around, and our easy transition to work outside the office is a credit to the business model and the people involved.

Next slide. The company’s greatest asset is our experienced management team and Board of Directors. The five individuals listed on the management team have about 50 years of combined experience with the company, and that sets aside long careers, either in the mining industry or in key associated businesses such as accounting, tax, legal, and finance. Our Board is majority independent, with significant industry experience into careers with the likes of Placer Dome, Barrick Gold Corp., Teck, and Eldorado.

Our Board has a strong background in all relevant areas of our business -- legal, finance and accounting, technical, and business development. As a new CEO that walked into a global pandemic 60 days after my first day, it has been very reassuring to have this group to fall back on for advice and guidance.

Next slide. This is a slightly different look at what we call margin. It's really just to stress again the two segments of our business. Royalties are, as you recall, simply calculated with no ongoing payment bias associated with revenue that has been received. Unless we agree otherwise, our initial investment or purchase amount or royalty is the last investment that we'll make.

Streams, on the other hand, have the two components, consisting of the upfront investment and the ongoing price paid for each delivered ounce. Our 83 percent margin here is higher than the adjusted EBITDA margin discussed previously, due to the absence of the G&A overhead deduction in these numbers.

Next slide. I talked about our focus on gold. And it should not come as a big surprise that our beta relative to gold is well above 1, while we maintain a lower but positive relationship with the market as a whole. As a result, you can see how our market performance, since the formation of the GDX, has been so strong. A small positive tie to the market as a whole, coupled with a strong period of gold performance and a business model that comes with a diverse portfolio and high margins, has demonstrated that this is a good business to be in and has been a good place to invest in.

Next slide. We like to say that we are the half step a generalist, in particular, would make if he or she wants a lower risk gold investment but wants to venture outside physical gold. Compared to physical metal, where one ounce will always be one ounce, we make resource optionality, or the ability to turn one ounce into a multiple of that number, a cornerstone of our appeal.

Since our investment commitments are known, the identification of new ounces on the ground subject to our interest can give you cost-free gold exposure upside that you cannot get with an ETF. The difference with the operating companies is similarly clear. We have a portfolio of 40 producing properties. How many mines does the largest mining company in the world have? Probably not more than 30. Their dividends can be volatile or non-existent, while we've paid an increasing dividend every year for two decades.

Next slide. And here's a look at that portfolio. We'll get into more detail later, but I'll make a couple of strategic comments. The key assets look to be focused on the Americas. And that's not really by political risk design but by the sheer fact that the streaming product has been more widely embraced by mining companies in North America. We have a list of countries that we would not consider, but we are generally open to learning about new jurisdictions, as evidenced by our investment in Khoemacau, where we had no previous experience in Botswana.

The other strategic comment that I'll make is that we still have a concentration in revenue in NAV with these assets. And it represents a goal of mine to increase the diversification of our revenue base. Next slide. Here's a look at the revenue splits along geography, project, and mine type. I'm very pleased with the countries in our portfolio, led by Canada, the Dominican Republic, and Chile, but also including the U.S., Mexico, Australia, and Ghana. All of these countries understand mining and can appreciate the economic benefits to workers, governments, and communities.

While I already touched on our large revenue-producing projects, we don't often talk about how our portfolio may be a little bit different than some of our competitors. We have four streams, Pueblo Viejo, Rainy River, Wassa, and Prestia on primary gold mines, while Mount Milligan generates more of its revenue from gold than copper. We are less reliant on byproduct streams, which means any serious reduction in base metal prices, like we saw a year ago with the pandemic, does not represent much of a threat for most of our key revenue sources.

On a housekeeping note, I also want to mention that we will start providing more detailed revenue breakdown in our next quarterly results release, which should help you better understand our business. You can find an annual breakdown of the last six years of revenue in the appendix to these slides.

Next slide. Finally, although the Board and I agreed that my selection as CEO was a signal of consistency of approach and strategy, I think every new CEO wants to put a personal imprint on the company. And I'm doing that in a number of ways, but ESG is one area that I felt we needed to improve. These factors have always been important to Royal Gold, but we were not particularly good at communicating what we do and how we do it. And our charitable support strategy had been directed more to continuing education than community efforts. This has changed in a significant way in a very short period of time, thanks to the efforts of my team.

We supported many charities in our four local communities during COVID-19, including resourcing medical equipment to food availability to senior care. I'm also happy to let you know that we have also developed two partnerships with existing portfolio companies by committing to a multiyear arrangement in support of Golden Star's award-winning Oil Palm Plantation Program and also helping Pueblo Viejo support the procurement of equipment for local hospitals with projects here serving as a conduit for procurement and delivery of hospital beds to these health care facilities.

I expect we will continue to enter into community project support agreements with other current and future investments because we believe the success of our operators has a direct impact on our success. I hope these efforts are further evidence of our desire to be the partner of choice for this industry.

Again, thank you for your time this morning, and I hope you enjoy hearing from the many members of our management team over the course of the next hour or so. I look forward to answering questions during the Q&A period after the presentations, and I'd like to turn the call over to Dan Breeze and Jason Hynes to talk about business development.

Daniel Breeze
Thanks, Bill. This is Dan Breeze, Vice President, Corporate Development. And together with my colleague, Jason Hynes, Vice President, Business Development and Strategy, we are excited to share how we think about business development and growth at Royal Gold. A good place to start is on Slide 2, with a simple representation that captures the primary components of business development, or BD, shown on the left side. Our core focus is sourcing and delivering accretive, long-term growth for our shareholders.

The engine that drives growth is BD and is similar to the research and development department. As shown, BD is an integration of several key functions that are aligned with the commercial team. ESG is a holistic focus for us, and it's woven into the various functions. Our commercial

team is spread among four offices and several time zones in North America and Europe, and this provides global coverage to source opportunities.

Our team members have complementary experiences in corporate development, capital markets, banking, and the technical aspects of mining. Bill's prior leadership of the business development group and a significant experience in project lending and structuring adds a unique element of differentiation for us to provide creative solutions. We are a highly connected team that allows for this geographic footprint to work well.

Next slide. Royal Gold is a royalty and streaming company, and it is worth a short review of the differences between these financing products with this slide, Slide Number 3. Royalties provide the holder with the right to a percentage of revenue or metals produced from a project, typically after subtracting agreed costs like refining and transportation, and are sometimes attached to the land.

The funds generated from a new royalty are typically smaller and generally used to advance a project. Sometimes a right to provide construction financing is attached to the new royalty. A stream provides an advanced cash payment in exchange for a percentage of metal production. A cash payment, which is typically a percentage of the prevailing spot price, is made for each unit of production delivered. So, this allows the counterparty to participate in long-term metal price volatility.

Efficiencies of streaming for both the operator and Royal Gold allow for large initial amounts for financing. For example, operators are typically able to achieve deferred revenue treatment for the advanced payment received. Therefore, streaming is more suitable for larger project development financing, or in the case of producing assets, for expansions or corporate needs like repayment of debt.

Next slide. Slide 4 shows how our business is structured for royalties and streams. Royal Gold started as a pure royalty business several decades ago, and most of the royalties in our portfolio were acquired from third parties and not the mine operators. Our royalties are ultimately owned and held in the U.S. and are taxed in these jurisdictions. Streams are contractual agreements to provide financing. The active aspects of this product, that is the purchase and sale of physical metal, allows for more favorable tax treatment.

Our first stream was put in place in 2010, and since then, streaming has grown to 70 percent of our business, with more than $2.5 billion of transactions. Our streams are owned and managed in Switzerland and are taxed in Switzerland and the U.S. Given the benefits of operators--or to operators and Royal Gold, streaming is a focus for us in terms of future growth.

Next slide. Competition in our sector is very dynamic. As shown on Slide 5, our competition comes from four primary sources, debt, equity, and our small and large peers. Typically, these sources are stronger or weaker at different times in a cycle. The environment we're in today is unique, as these sources of capital are aligned. Debt is readily available at attractive terms for higher quality assets and operators, and the equity window opened over the last year as investor appetite returned.

We also see the emergence of new entrants in the smaller end of the market where royalties are the focus. A larger peer group is experiencing record cash generation, and liquidity continues to grow for funding transactions. The diagram at the bottom of the slide provides the conceptual scale of the current environment. The intense competition is focused within the

smaller opportunity set on the left side. The emerging smaller peer group compete among themselves and overlap with equity and debt and, in the case of medium-size transactions, the larger peers.

Although the competitive space for us is less crowded, and that's shown on the right side of the scale, we do face well-capitalized peers and debt. We note that it takes the same amount of time and resources to assess a small opportunity as it does for a larger one. We incorporate this reality into prioritizing our opportunities.

Next slide. Slide 6 provides a snapshot of our transaction history over the last eight years. We transact when opportunities arise and when we see long-term accretion for our shareholders. In retrospect, the bulk of our acquisitions have occurred when commodity prices were lower. As an example, the Khoemacau transaction was announced when the spot silver price was about $15 per ounce versus today's price at about $25. And, as Bill outlined, our strategic focus is on precious metals with a preference for gold. Our acquisition history clearly supports this strategy. Patient investing is critical to building a long-term sustainable business in a cyclical and risky industry.

I will now turn the discussion over to Jason to outline our business development process.

Jason Hynes
Thanks, Dan. I'm starting on Slide 7. The determinations that management and the Board make in DB will have a lasting impact on Royal Gold as we bring in assets that we hope will contribute to the portfolio for decades. We want to be a financing partner of choice for mining companies, and we strive to uphold the reputation for fairness, flexibility, and integrity that has been built over decades.

The next slides provide an overview of the process of identifying, evaluating, and executing on new business opportunities. Our investment criteria are clear and guided by the long-term nature of our investments. The three core aspects are shown in the box on this slide.

First, we have the three Ps: people, we carefully review the experience of the team, their financing and execution plan, and their ability to capitalize on value-enhancing opportunities while managing risk; project, we look at the asset, not only from Royal Gold's perspective but also through the eyes of the operator, its investors, local communities, and governments; and place, our evaluation of investable jurisdictions focuses on assuring that the project will be welcome in the community and that the country welcomes foreign investment and has respect for the Rule of Law to ensure a fair hearing, should any disputes arise.

We also consider how the investment will fit within our existing portfolio and how it impacts strategic goals. We ask ourselves questions on pro forma metal mix, asset concentration, and our ability to finance the investment accretively. And, finally, we need to make a judgment on the executability of a potential transaction. We need to be able to find alignment on commercial terms and structure, such that both parties achieve their goals. As we glean new information throughout the evaluation execution process, we continuously retest the opportunity against our investment criteria.

Next slide. Moving to Slide 8, the process of evaluating and executing a transaction involves professionals from a number of fields of expertise working together under tight timeframes with active involvement of our CEO and access to the experience of our directors. Through due diligence, we establish a view on how the asset will perform over its life, while identifying risks

and opportunities that could affect our investments. A key part of opportunity identification is discovering the intrinsic optionality in an asset, the capturing of which is, in our view, one of the key drivers of our premium multiple. Dan will speak about this in more detail shortly.

Due diligence is followed by financial evaluation, where we determine a fair value for the investment, based on the risk/reward trade-off identified in due diligence. Then, we need to structure the contract. These are significant investments that necessitate protection, but the long-term nature of the agreements means we need to show flexibility to allow the operator to run their business without too much restraint.

One of the attractive aspects of streaming and royalty financing is that these steps can be executed efficiently in as little as two to three months at a very manageable expense. Thereafter, and throughout the life, the contract needs to be managed to ensure that it continues to work for all parties.

Next slide. The schematic on Slide 9 illustrates the due diligence process we follow for most investments. Mark Isto will speak about our technical review process in more detail later on. What I want to highlight is the level of integration of the asset-specific review process, which is driven by technical expertise, with our financial and commercial analysis.

This interaction allows us to continuously test the opportunity against our investment criteria to determine whether continued evaluation is justified. If there are no red flags, the aim of the process is to come to a view on how we expect the asset to perform, how future developments could enhance our returns, and to identify key risks that we would like to see mitigated.

I'm now on Slide 10. The conclusions of our due diligence inform the transaction terms that we will propose. We can see the key issues that factor into this decision in the diagram on the right. Ultimately, we are determining a fair price for an investment, which we then test against different commodity price assumptions, potential upside and downside outcomes of the operation, and the financial situation of our counterparty.

This analysis benefits from a hands-on approach from the whole senior management team and a thorough review with our experienced Board of Directors. We keep raising the point of identifying and capturing upside or optionality. Dan will now share why this is a focus for us with some examples from our portfolio.

Daniel Breeze
Thanks, Jason. Our investments are long-term in nature and aligned with the operator to share in the upside and downside. In order to deliver solid returns to our shareholders over the long-term, we must assess and embed optionality in our investments. Optionality comes from higher metal prices, production growth, and resource growth beyond what is known at the time of the investment, where both the operator and Royal Gold benefit.

Slide 11 highlights resource growth in two of our principal properties as examples of optionality. The chart on the left is for the Pueblo Viejo mine, which is a joint venture between Barrick and Newmont. We made an investment in 2015 here for production from Barrick's 60 percent interest. Over the following five years, we recovered more than half of our initial $610 million investment. Barrick's recent expansion plans suggest that a further 9 million ounces of gold further interest has the potential to be unlocked and that the mine production could extend into 2045.

The chart on the right is a similar assessment of optionality for our 2015 investment in the Wassa mine, and that's owned by Golden Star Resources. About 90 percent of our initial $145 million investment has been recovered to date. We are excited about Golden Stars' recent study, as it indicates the potential for an additional 3.6 million gold ounces and 11 more years of production beyond the current six-year mine life. Again, optionality for shareholders at zero incremental cost.

A disciplined approach to our investing goes hand in hand with optionality. Slide 12 highlights an investment made in 2008, when we acquired a package of royalties from Barrick for approximately $150 million. Through metal price appreciation in growth and production and resources and the underlying assets, we have almost doubled our original investment in terms of revenue from top 10 royalty generators. What remains exciting is the incremental new revenue potential as assets are developed towards production.

For example, our royalties on Bellevue Gold's Project in Australia and Sabina Gold's Back River Project in Canada are part of this package and are on the path to future production. You might have noticed a large number of royalty portfolios that have been trading in the market recently. Our discipline has kept us focused on quality assets that offer long-term optionality and that do not dilute by overpaying. As we say internally, the right assets at the price.

I will now turn the discussion back to Jason to look at how we approach structuring and manage our agreements using examples in our portfolio.

Jason Hynes
Thanks, Dan. We're now on Slide 13. When we talk about structuring, we're really talking about two different subjects. First, there is commercial structuring where we decide which technical risks we are willing to bear and which we have determined should be borne by the operator. For example, at Pueblo Viejo, fluctuations in silver recovery are born by Barrick, but we share gold recovery risk.

Also on the commercial structuring side, this is where we determine how optionality is shared. For example, through negotiating a geographic area of interest, to which our investments apply, right through to considering operator requests for a right to buy back the investment in the future--which is something we have seen our competitors do more of recently, which can significantly limit the upside potential of the investment.

After commercial consideration, there is the investment structure itself. Who is the selling counterparty? Is there any value in a guarantee from a parent company? Will our investment be secured against the underlying assets? Will there be limitations on indebtedness or cash distribution? We have deep expertise in our commercial, legal, and tax teams, allowing us to develop structures, which protect our shareholders' interests, encourage continued investment in the operations, and ensure our partners have the flexibility they need to run their business.

Next slide. Moving to Slide 14, John Munro is going to provide an update on the Khoemacau Copper Silver Project later on, whose construction we have been funding since 2019. But, first, we thought it would be instructive to do a brief case study on the process of acquiring the silver stream. Strategically, Khoemacau's ticked all the boxes, a high quality deposit being developed by an experienced team with an executable vision in Botswana, a country that our investigations led us to conclude was a great place to build and operate a mine.

The construction stage nature of the investment meant that the advanced payment could be funded over several years as the project was de-risked out of cash flow. There were solid long-term supply/demand fundamentals underpinning copper, which would support the asset. And, as Dan has mentioned, we believe it was a great entry point for silver, based on the price at the time.

But to get a deal done requires flexibility on everyone's part. Our partner was focused on limiting dilution and holding onto the upside associated with a large, under-explored land package and what they saw as a near-term path to significantly higher production. Our focus was on capturing a fair share of that upside and ensuring that there was a durable financing package to absorb potential cost over limits.

Slide 15. Through several rounds of cooperative negotiations, we ended up with a structure that met each party's needs. You can see some of the negotiated compromises here. Our interests are aligned, and we look forward to supporting Khoemacau through final construction and start-up over the coming months.

Next slide. Over to Slide 16, the mine lives of our assets are often measured in decades, and, as such, amendments to our agreements are sometimes necessary to adapt to changing circumstances. Sometimes these amendments are to help resolve an issue associated with the mine or with the owner's financial situation, and sometimes the mine or operator simply outgrows the agreement, and changes are justified in order to unlock value for all parties.

Our long-term shareholders are familiar with the Mount Milligan situation. We helped fund Thompson Creek's acquisition and construction of the mine with a gold stream. When their molybdenum business caused a deterioration in their financial situation, the structure that we had negotiated did its job by providing strong protections to our investment. That said, our offer of a partial gold for copper swap catalyzed an M&A transaction with Centerra Gold that was in the best interest of all stakeholders.

Another example is the splitting of the Wassa and Prestea streams into separate agreements to allow for the sale of Prestea. This was another win-win negotiation, allowing Golden Star to focus on developing the world-class potential of Wassa, while giving Prestea, which has a century-long history and continues to occupy a significant place in the local economy, its best chance for success by bringing in fresh thinking and capital. We don't enter into contracts with the intention of making modifications but being flexible and reasonable is a fundamental part of our business philosophy. It opens up win-win opportunities, and it contributes to our goal of being a partner of choice for mining companies.

That concludes our prepared remarks. Dan and I look forward to taking your questions at the end of the presentation. With that, I will hand it over to our EVP and COO, Mark Isto.

Mark Isto
Thanks, Dan and Jason, and good morning. This is Mark Isto, Executive Vice President, Operations. I'll begin on Slide 2. I'll spend the next few minutes discussing Royal Gold's technical experts and expertise in supporting our business success, specifically related to opportunity review, due diligence, and asset monitoring. We have a group of five technical experts covering the fields of geology, mining, and mineral processing that support our business. Team members are based across three of our four business locations.

Turning to Slide 3, we see some hundred opportunities each year that come to our business development group who review for strategic fit as a first step. And roughly half of the opportunities advance, and we complete Phase 1 reviews, which typically are prepared by our internal team.

From the Phase 1 reviews, we annually see four to eight opportunities advance into full technical due diligence, which annually support four to six firm Phase 2 proposals. From these efforts, we may see up to three resulting in transactions. It is worth highlighting that COVID-19 has not had an impact of the flow of opportunities being technically reviewed. I'll speak more in a moment about how we handle due diligence with COVID-19 travel restrictions.

Turning to Slide 4, we aspire to have our review processes both efficient and accurate. Efficiency of the screening process is key to not missing hidden opportunities or identifying projects that have a risk profile inconsistent with our risk tolerance. Screening processes tell us if the project has characteristics, that when taken in aggregate, should be attractive. I'll discuss a key aspect of our screening process in a moment.

As opportunities advance to due diligence, the review process becomes more detailed and comprehensive. We use outside subject matter experts to support our internal experts to ensure that we have a proper level of effort and expertise. The due diligence team is of key importance, which I'll expand on later.

The process is driven by data, site visits, and interaction with the team managing the asset. In our process, we look to assess the key value drivers impacting the stream or royalty value, which simplistically consists of resource and reserve estimates, metallurgical performance, and cost performance. This review typically results in adjustments being made to the owner's financial model to reflect our risk tolerance.

We look to identify specific risks to the operator in achieving a plan and specifically look for issues we refer to as red flags, which would be risks that may not be able to be mitigated through financial model adjustments or within stream agreements. An example of red flag risks might be obtaining key permits, community or social concerns, or geotechnical risk.

We also look to quantify upside opportunities associated with exploration potential and resource conversion, and it is important that we can see the upside potential. We also look to understand the quality of the owner and operating team through our interactions and through our ESG review process.

Turning to Slide 5, with a small team, screening of opportunities needs to be systematic and efficient, using limited information in most cases. We employ a simple but effective ranking tool, where we score an opportunity from a technical perspective and look to answer a set of simple questions. How mature is the opportunity, study maturity or operating maturity; what is the owner's reserve or production plan; what is the upside or exploration potential; how complex is the ore body; how complex are the mining processing methods; what are the infrastructure and permitting challenges?

Likewise, we also look at the project from a commercial perspective and have a similar set of questions. Where is the opportunity located from a country risk perspective; what are the metals being considered under the stream or royalty; how strong is the counterparty, both operationally and financially; how strong is the project's forecast financial performance? We

have found that some characteristics are more important than others, so we also weight the answers to the above questions accordingly.

Ranking a project at its current level of maturity with limited information does not tell us what the project could become. We also assess how we feel ranking could change as the project matures. For instance, going from a PFS study to a construction-ready project would typically improve a project's ranking. By systematically forming these technical and commercial views, we can compare the opportunity with known reference projects, which is the real value in using the ranking tool.

Typically, we find projects have some negative attributes, and for the opportunity to be viewed positively or favorably, we usually find we need offsetting positive attributes. For example, a good grade project can afford a less favorable jurisdiction or more challenging operating conditions, while lower grade projects tend to need the support provided by a strong owner's team, attractive jurisdiction, and/or supportive development concepts.

I'm now on Slide 6. The review of the subjects we now capture under the ESG acronym have always been a part of our due diligence efforts, and we strongly feel that solid performance in environmental, social, and governance areas supports a healthy and sustainable business. We don't have an active role in managing the operations after we complete a transaction. So, understanding risks to the sustainability of a project or operation during due diligence is a critical aspect.

What has changed is our approach--we've become more systematic in our review and documentation, which establishes a framework based on nine subjects: air, water, community, human rights and labor, waste management, governance, health and safety, biodiversity, and energy. These subjects are reviewed under six criteria for policy and framework, permits and approvals, compliance, performance monitoring, documentation, and field inspection. This matrix of subjects and criteria allows us to develop an ESG scorecard to view both the asset and the operator in a systemic and standardized fashion.

Benchmarking performance is also a tool we've used in our expanding. We've always benchmarked safety, performance, and water usage and have more recently moved to benchmarking energy and greenhouse gas emissions against mining industry performance. We strive to have a comprehensive view of environmental, social, and governance performance of potential counterparties in moving any opportunity forward.

Moving to Slide 7, we approach each due diligence review by looking at the technical expertise we need to assess the opportunities, value drivers, and risks. We select our due diligence team accordingly. Our team typically consists of seven members, a project coordinator supported by a geologist, resource geologist, mining engineer, metallurgical engineer, tailings engineer, and an environmental, social, and permitting expert.

We augment the team, as required by the project. If the project is a greenfield construction opportunity, we supplement the team with a capital cost project execution expert, and they also have the project and schedule independently benchmarked. If the opportunity is in an unfamiliar jurisdiction, we will add a country of political risk expert onto the team. If we have geotechnical concerns in our Phase 1 review, we may add a geotechnical expert.

If we've identified critical or complex issues, we may bring in two people on the subject. As an example, we saw silver recovery at Pueblo Viejo as a complex issue at the time of the stream

due diligence and employed two senior metallurgical engineers to assess the issue, which resulted in defining the need for contractual protection against low silver recovery. The final stream agreement contained a guarantee of 70 percent silver recovery. So, we endeavor to supplement our internal experts with outside experts to cover the range of important subjects in our reviews.

Turning to Slide 8, COVID-19 has required everyone to rethink how business gets done. Technical due diligence has historically relied heavily on site visits. To address COVID travel restrictions, we have found tools to replace many aspects of the traditional site visit, using technology, though underutilized historically. We find video calls between subject matter experts work well, and in general can be as efficient as site visit meetings.

Reviewing the site geology, and specifically core samples, is always a key activity during site visits to enhance or deposit understanding. Again, we have become comfortable that a virtual core shed visit can be completed when high quality core photos are available. These core photos are run through a process to scale and match the photos with core log information and assay data. The compiled geologic data can, then, be reviewed in two or three dimensions using commonly available software like LeapFrog and discussed with the site geology team over a conference call. In some respects, the approach has proven superior to a physical core shed visit.

We've also become comfortable with the number of digital tools utilizing drones and video stream technology to review sites in absence of a visit, which have given us views and perspectives not used in the past. By simply employing GoPro type high resolution video, we can have an effective walking tour of site components. Drone technology provides a perspective of the work we typically did not have, such as reviewing tailing storage facilities and non-project related activities that may be present near the project.

I'll finish up this section on Slide 9 by making a few comments on our asset monitoring process. It is important to note that this area falls under the technical group's responsibility, so there's good continuity and accountability from what we learned and expected during due diligence through to our ownership of the investment.

In addition to the systematic review of metal deliveries and royalty payments, the asset monitoring process is one of collecting information to understand the health and opportunities associated with operations, where we hold stream and royalty interests. Stream agreements typically provide broad information rights to allow access to monthly reporting information, annual reports, and life of mine plans. However, our royalty portfolio typically has minimal information rights.

In addition, we like to visit our properties designated as principal annually. These visits are a key source of information to understanding the operating health of assets, and in the case of royalty assets, provides an opportunity to obtain information on future performance not otherwise available. These visits also support building and maintaining relationships with site management.

However, this process has largely been postponed over the last 14 months due to COVID travel restrictions and health concerns. In some instances, we've found that we can identify opportunities or address issues that our counterparties are facing, and we're pleased to be able to contribute whenever these opportunities present themselves.

In closing, our monitoring and review processes provide the basis for our internal budgeting and strategic planning, making it an integral part of managing our overall business. I thank you for your time and will now turn the call over to Randy Shefman to give you some more details on how we think about sustainability.

Randy Shefman
Thanks, Mark. Hello, everyone. I'm Randy Shefman, Vice President and General Counsel at Royal Gold. In addition to leading our legal department, I'm also involved in our ESG efforts. And I'm pleased to have the opportunity to speak with you today and share our approach to ESG.

But, first, a bit about me and our broader legal team. I've been a practicing lawyer for more than 20 years, focusing on international business transactions and principally on project finance in the energy and resource industries. I joined Royal Gold in 2011 as Associate General Counsel and was appointed Vice President and General Counsel in January of 2020.

The Royal Gold legal department includes six professional staff with deep experience in our industry, having come to the company after private sector practice or, in most cases, from other mining or mine finance ventures. Having transitioned myself for the General Counsel role just over a year ago, I feel fortunate to have the support of this world-class team.

Please turn to Slide 3. ESG is, no doubt, a growing topic across boardrooms and C-suites in recent years, but it's not new to Royal Gold. Our business model is predicated on acquiring long-term interest in mining projects. Because our interests typically endure for the entire lifecycle of a mine, the sustainability of our investments is fundamental to our long-term success.

Sustained economic performance cannot be obtained without sound environmental, social, and governance practices both within our company and across our portfolio of streaming loyalty interests. Said differently, the sustainability of our business depends in significant measure on our ability to identify and manage the ESG risks in our investments. For this reason, we've long viewed the ESG risk as enterprise risk.

And under the oversight of our Board of Directors, we've managed the company accordingly in how we grow our team to our review and structuring of new business opportunities, the management of our portfolio, to our direct and indirect impacts on the environment and in our corporate governance package. While, as Bill noted, we have not talked openly about our focus on ESG in great detail until recent years, sustainability has always been a fundamental tenet of our business.

We understand the market interest in our ESG efforts, and we recently published a good bit of detail on our website to highlight our policies and practices for managing our business and how we consider ESG in our review of new investments to how our standing ESG committee monitors and manages ESG issues across our portfolio. Over the next few slides, I'll share highlights of our ESG program. I also encourage you to visit the ESG section of our website if you'd like to learn more about our work in this area.

We will now turn to Slide 4. Across our offices, we maintain high standards of environmental stewardship in our corporate operations. With 28 professionals and administrative staff operating from four offices across the U.S., Canada, and Switzerland, Royal Gold's direct

environmental footprint is modest. However, we've still taken a number of active steps to reduce our impact.

In December 2019, we relocated our Denver head office to a Leed Gold Certified building. And at that same time, we banned single-use plastics across all of our offices. We participate in recycling efforts for our office products. We encourage reliance on digital sources over paper, significantly reducing the impact of our direct operations. We also subsidize our team's use of public transport, and roughly half of all employees regularly commute to work by bus, rail, bike, or on foot.

At the global level, Royal Gold has long endorsed the International Council on Mining and Metals' Ten Principles for Sustainable Development and is a member of the World Gold Council. We participated in development of the Responsible Gold Mining Principles. We seek to align ourselves with operators who share our view of the importance of sustainability, and we encourage them to adhere to the ICMM 10 and where--applicable to the RGMP's. We're pleased to report that 99 percent of our fiscal 2020 revenue is derived from mining operations where the operators described both of these sets of principles or to other leading international conventions on sustainability.

I'll now refer you to Slide 5. As I noted, 28 people run the global operation you've been hearing about today. While it's no doubt a cliche for many, for Royal Gold, our people truly are our most important asset. As you've heard from my colleagues, many of us were appointed to our current management roles after long tenures with the company in other positions. Bill mentioned that our management teams have a combined 50 years of service to Royal Gold.

In fact, 75 percent of our current management team, six out of eight individuals, were promoted from within. This long-tenured homegrown talent pool now grows the culture with which Royal Gold was founded more than 30 years ago. Through strong corporate policies that come from the top, we've fostered an inclusive culture of respect and ethics with a focus on safety and professional development, both in the office and in the field, and a healthy work/life balance. As a result, our people tend to stick around.

We're also active in a host of social causes across our office communities. In fiscal 2021, we committed $1.5 million to address the impacts of COVID-19 to reduce food insecurity, to promote child welfare and education, and to ensure the welfare of our elderly population in the cities where we live and work. Service is encouraged outside of the company's own contributions as well. We offer each member of our team two days of paid leave per year to donate their time to causes of their choosing.

We will now move to Slide 6. Looking beyond our offices to our global portfolio, we believe that successful projects create sustainable benefits for all stakeholders, including the local communities that surround the projects where we hold our interests. Good mines get better through expansion, resource conversion, and technological advancements. However, all operations will eventually come to an end. And the impacts of mine closures are felt not only by the workforce and by investors but also by the local community.

We actively seek opportunities to work with our operating partners to advance sustainability initiatives with the goal of aiding communities to thrive both during mining operations and beyond. Since 2015, we've committed nearly $2 million to programs benefiting the communities that surround our stream and royalty tenures. Highlights of a few of these programs are featured on this slide. Among these, we are very pleased to have this opportunity to announce

a new agreement signed just this week with Golden Star Oil Palm Plantation, Ltd, or GSOPP, a subsidiary of Golden Star Resources.

Since 2015, we've held a gold streaming interest on production from Golden Star's Wassa operation located in Ghana's western region. And we are delighted to have this opportunity to provide for the community. GSOPP partners with traditional community authorities and farmers to develop oil palm plantations among the Wassa catchment community, using a smallholder concept.

Plantation operations provide employment and income to members of the Wassa community, promoting wealth creation for sustainable agribusiness and contributing to the reduction of poverty in the area, among other benefits. Funded through a contribution of $1 per ounce of gold produced at Wassa, Golden Star has directed nearly $7 million to date to this important initiative.

GSOPP develops the plantations using a local labor pool from the host communities. This creates immediate employment opportunities and stable income for households. After four years of development under the direct management of GSOPP, the plantation reaches income level, and four-hectare plots are allocated to the farmers to maintain as their own. The local communities and farmers, then, share in the income from oil palm sales.

To date, approximately 6,700 hectares of land have been pledged for oil palm development, with just over 1,100 of those hectares having been planted, providing income for over 700 farmers and part-time contractors without, importantly, any deforestation. GSOPP is currently working towards certification for their operations from the Roundtable on Sustainable Palm Oil, the global standard for ethical palm oil production.

To date, the project has received numerous awards, including the Nedbank Capital Green Mining Award and the PDAC Award for Environmental and Social Responsibility. We're honored to have this opportunity to support this important capacity-building project that benefits the communities, which support our Wassa stream interest.

Royal Gold's own contributions, which, subject to satisfaction of certain conditions, will total $150,000 per year for an initial five-year commitment for the use to expand GSOPP's existing operations, enabling them to develop more available plantation land as a faster rate, leading, we expect, to further benefits for the Wassa community.

I'm also delighted to share with you that we're teaming with our streaming partner at the Pueblo Viejo mine in the Dominican Republic and the international relief organization Project CURE, in this case for needed medical supplies and equipment to hospitals in the PV host communities. Project CURE, based here in our home city of Denver, is the world's leading provider of donated medical supplies.

We first worked with the Project CURE team last year when the pandemic halted international shipping and caused them to focus their impressive capabilities on domestic U.S. needs. Royal Gold donated funds to provide PPE, ventilators, respirators, and other resources for hospitals and first responders as they battled COVID-19 throughout Colorado. On the basis of that relationship, we then, began to look, together with Project CURE, across our portfolio. We were able to quickly address the needs of the Pueblo Viejo community.

We're looking at other teaming opportunities to work with Project CURE and our other operating partners in other world regions.

Finally, in 2019, we joined Alamos Gold on the medical clinic and the scholarship program that provides needed healthcare and educational opportunities to the communities in proximity to the Mulatos Mine located near Sonora, Mexico.

I'll turn your attention to Slide 7. Good governance is the foundation of everything we do at Royal Gold. We recognize the importance of sound corporate governance both to protect and promote long-term value for our investors and to further our goal of being regarded as the financing provider of choice for the mining industry. Through strong policies that come from the top, we've built a reputation for ethics, transparency, and sound decision-making under the oversight of our Board of Directors.

Our Board is comprised of former mining executives with deep experience in the industry. For more information on our directors and their individual areas of expertise, you can look to our most recent proxy statement or to our website.

I noted a bit ago that we view ESG at Royal Gold as enterprise risk. As such, our Board has oversight of our corporate ESG practices and has been involved in the development of our related policies and programs. Our policies are reviewed regularly with the Board to ensure that we continue to evolve and observe best practices.

At the management level, our standing ESG committee, compromised of leaders from each of our business units, has operational control over our ESG program. The committee meets monthly or more frequently, if necessary, to consider issues across our operation, and makes quarterly reports to our Board to ensure that they're well informed of developments.

We'll end at Slide 8. I mentioned at the beginning of my remarks that while we have always considered ESG in our business strategy and execution, we began to publish the details of our approach only within the last several years. I'm pleased to tell you that ESG analysts, in particular Sustainalytics and MSCI, have taken note, and we've seen a steady improvement in our ratings to where we're now regarded as an industry leader by Sustainalytics in particular.

We endeavor to continue our work in this area and to maintain and even improve these scores over time.

That's my presentation today. I look forward to hearing from you during the Q&A session. And I'll now hand back to Mark Isto. Thank you.

Mark Isto
Thanks, Randy. I'll begin on Slide 2. This section I'll talk about recent portfolio performance and highlight some interesting developments we're seeing.

One of the key features of Royal Gold is the depth of the asset portfolio. We tend to focus on the largest assets or principal properties, but there are many other assets in the portfolio that contribute revenue and organic growth potential that we don't discuss. And we'll take some time today to discuss a few of the growth opportunities.

Our portfolio performed well in calendar 2020 despite challenges from COVID-19, which our counterparties managed well, while maintaining annual production levels.

There are some notable highlights in calendar 2020 at two of our largest revenue contributors. Mt. Milligan achieved a consistent 60,000 tonne per day production throughput rate in the last quarter of 2020. And saw improved operating costs throughout the year.

Peñasquito throughput reached 105,000 tonnes per day in the last quarter and saw record performance from the pyrite leach circuit. Available guidance for calendar 2021 from operators at our principal properties shows continued strong performance, with both Mt. Milligan and Peñasquito forecasting production level improvements.

Slide 3 highlights several recent announcements by counterparties that should provide some interesting organic growth within the portfolio. Some of our larger operating properties have announced mine life extensions through exploration success and resource conversion, mainly Wassa, Peñasquito, and Pueblo Viejo. Agnico Eagle announced a depth extension, an increase to the mining rate for the LaRonde Zone 5 mine. And we saw Relief Canyon contribute first royalty revenue last quarter.

In regard to development projects, our largest and most exciting, Khoemacau, we expect first concentrate to be shipped in the third quarter of this year. We look forward to seeing two projects in Australia advance the first production in 2022--King of the Hills and Bellevue, where both--where we both hold royalty interests.

Manh Choh, formerly Peak, is expected to advance to production in 2024. While further into the future, work is advancing on the Back River project and we look forward to seeing continued progress towards a development decision.

Except for Khoemacau, there are no further capital contributions required from Royal Gold for the growth projects mentioned.

On the next slides, I'll briefly discuss the growth mentioned on our producing properties in a bit more detail, but I encourage you to spend some time to review each of these important contributors to our revenue.

Turning to Slide 4, Golden Star announced the PEA results on the Southern Extension of the Wassa ore body in early March, which adds about 11 years of production to the existing six-year reserve plan. The PEA shows an increase in underground production, which will allow the existing nominal 7,400 tonne per day plant to operate at near capacity. In 2020, the plant operated an average throughput of about 5,500 tonnes a day for reference.

Golden Star plans to complete more infill drilling and finish the feasibility study on the Southern Extension in early 2023.

Wassa's been a great investment and Golden Star has been a great partner for us over the past six years. And we're pleased to see Golden Star's success and plan for another 17 years of mine life.

At Peñasquito, another one of our principal properties, is present--is presented on Slide 5. Under Newmont's ownership, the operation has done a great job to reduce process plant bottlenecks and improve operational performance. Mill throughput and the pyrite leach circuit performance have both increased significantly, as previously mentioned. Newmont is also

emphasizing the exploration quality of both the areas around the Peñasco and Chile Colorado pits as well as the regional land package.

We have identified--they have identified a number of targets proximal to the active mining areas and Newmont expects that mine life could be extended through exploration success by almost 10 years, to 2040.

We hold a 2 percent NSR royalty at Peñasquito and many of the exploration targets are covered by our royalty position.

Turning to Slide 6, at PV, our second largest revenue generator in 2020, Barrick continues to advance the plant and tailings facility expansion project as well as further refining the geological model to identifying new brownfield exploration targets. The planned expansion will increase throughput levels and the tailings expansion rollout conversion of approximately 9 million ounces of resources to reserves. Post-expansion, Barrick is expecting the mine production to be maintained at approximately 800,000 ounces per year on 100 percent basis until the mid-2040s.

Turning to Slide 7, Agnico Eagle began production at the LaRonde Zone 5 orebody in mid-2018 with a design mining rate of 1,975 tonnes per day. Agnico has implemented automated mining techniques, which have allowed the mine's production to increase to 3,000 tonnes per day.

With the decision to extend mine activity to a depth of 650 meters, Agnico is expecting to continue producing at this high rate through 2029. We have a 2 percent NSR royalty on approximately 100 percent of the reserve and 50 percent of the resources in the Zone 5 area.

Turning to Slide 8, at Relief Canyon, we have a 2 percent NSR royalty on 69 percent of the resource area. We saw our first royalty revenue in January of this year. Now, this is a great example of the organic growth in our portfolio of 187 properties, as this royalty's been in our portfolio for over a decade as a development project.

I'll now turn the--turn to highlight advancing growth opportunities I mentioned earlier, King of the Hills, Bellevue, Manh Choh, and Back River.

The King of the Hills project in Australia is highlighted on Slide 9. Red 5 has announced that the project to redevelop the historic open pit and construct a new 4-million-tonne mill is fully funded. Red 5 expects the mine to initiate production in mid-2022 and produce for 16 years with production over the first six years expected to average 176,000 ounces of gold per year.

We hold a 1.5 percent NSR royalty on gold production over an extensive land package controlled by Red 5.

Slide 10 showcases another development asset in Australia. The high-grade Bellevue project being developed by Bellevue Gold is making good progress and is expected to produce first gold in the late calendar 2022.

Bellevue’s stage one life of mine plant shows production of 151,000 ounces of gold per year for over seven years. They're preparing a stage two feasibility study to incorporate additional resources. Royal Gold holds a 2 percent royalty on the resource area covered by this project.

The Peak project, which has been recently renamed Manh Choh, is presented in Slide 11. Kinross is advancing on a scoping study and baseline environmental data collection with a

target of first production in 2024. This project will be a satellite ore source to the Fort Knox mill, which should allow for a faster development timeline compared to a standalone project.

Kinross is also expecting to carry out near resource and regional exploration within the project's extensive land package. We own a 3 percent royalty on all metals from the Tetlin Lease area and state mining claims and a 28 percent NSR royalty on silver production from a constrained area encompassing the current mineral resource.

Finally, on Slide 12 presents Sabina Gold's Back River project located in Nunavut Canada. The project is fully permitted, Earthworks have advanced, and detailed engineering is in progress. Sabina expects to make a production decision subject to project financing later this quarter. Sabina has total gold in reserve of 3.6 million ounces and we own NSR royalties on both the Goose Lake and George Lake project areas.

Turning to Slide 13, I'd like to spend some time on Khoemacau and go into a bit more detail on the project. We've invited John Munro, Director of Corporate Finance and Development for Khoemacau Copper Mining, to make a few comments. And Johan Ferreira, Chief Executive Officer, will join us for the Q&A session.

I'll hand the presentation over to John in a moment.

First, let's move to Slide 14. Our involvement in the project started in early 2019 when we completed our agreement with Khoemacau copper mining. We've been one of the main sources of financing through construction and we've made our contributions quarterly as the project advanced.

For every funding draw, we've completed a project review to go over progress since the prior draw and forecast capital spending plans. It's been a very straightforward process and Khoemacau Copper Mining's team has executed well on their development plan.

As of the last draw on April 7, we have funded a total of $222.6 million towards the silver stream. Our silver stream interest stands at 84 percent of the life of mine payable silver. In addition, we have provided $18 million in debt financing.

To give a better perspective of the project scope, quality, and team, I'd like to introduce the project with a short video before turning the call over to John.

(VIDEO PRESENTATION)

Mark Isto
I hope the video shows why we're excited to be part of the project. I'll now turn the presentation over to John who will provide some detail on Khoemacau Copper's near-term plans.

John Munro
Good morning and thank you, Mark. Over the next few slides, I'd like to expand on some of the themes that we've seen from the video.

A key philosophy of executing this project going back to 2017 is the requirement to do it right from the beginning with the right partners. This started with the company hiring a very experienced owner's project development team in mid-2017. This was led by Johan Ferreira, who is now the CEO of the company.

That team worked together for 18 months to advance design, engineering, and procurement before moving to the site for construction in early 2019. The majority of that team will remain onsite for the initial operations. This team then contracted the right execution partners, most notably, on the EPCM front, Fluor Daniel, a global mining and energy, engineering firm with strong South African and Botswana experience.

As you saw in the video, safe and efficient mining operations is really key to Khoemacau and Barminco Mining Services has delivered that result for us to date. They are a specialist underground mining contractor and a leader in moderate and large scale mechanized mining.

Beyond that, we were then fortunate to attract a strong and very experienced funding group, raising some $650 million in 2019. This was achieved due to the scale, quality, and location of the project in Botswana and our company's demonstrated readiness to execute successfully.

We raised equity from our existing private equity shareholder, Cupric Canyon Capital, and then new equity from Resource Capital Funds, also a specialized mining private equity firm. This was then complemented by the silver stream and sub debt from Royal Gold. And then, beyond that, the senior debt from Red Kite Mine Finance. Red Kite also being a highly specialized lender to the mining industry.

Today, we have an excellent relationship with our funders and construction partners.

Moving on to some more resolution on the project schedule, which is a key focus for this audience. As of the end of March, we have completed 30 months of the 34-month execution schedule and the project was 92 percent complete, measured by actual progress. The schedule has been impacted by COVID, in particular with lockdowns and quarantine requirements in southern Africa, and indeed affecting international travel.

However, given the scale of the pandemic and the volume of people, materials, and machines involved in this execution of the project, limiting this impact has been a remarkable achievement by our team on the ground in Botswana. Notwithstanding this and the usual project complexities, the company remains well funded with undrawn funding lines still available, if needed in the future. This is largely due to actual project capital spend forecast very close to the original capital budget, which was put together in late 2018, early 2019.

In terms of underground progress, as of the end of March, we had just short of 200,000 tonnes of high-grade sulfide ore on surface. And while construction is still underway, we are starting to commission sections of the process plant. Next slide.

Looking at this in a bit more detail, on the mining front, ore is currently being produced from lateral development on the ore zone, which is setting up the initial stoping areas for mining in the second half of this year. While it's still early days, the ore body looks and samples as predicted by our resource models.

With commissioning activities on the process plant now commencing and with mill startup due around the middle of the year, the really key milestone to watch for will be first concentrate sales in the third quarter of this year. Beyond that, with the ramp-up of the mill for the second half of 2021, we expect that facility to reach steady state by the end of this year.

This then puts us in a position to achieve nameplate throughput of some 3.65 million tonnes per annum of ore in 2022 with payable metals of some 60,000 tonnes a year of copper and 1.8 million ounces of silver. Next slide.

Finally, let's take a step back and look at the bigger picture of our company. While we are very focused on executing the starter project, the remarkable mineral endowment on our property offers significant opportunity for future growth. And so, we do also continue to work on our project pipeline.

The figure on the bottom right of this slide shows our central development plans for this asset. The baseload, or the bottom of that diagram, is the starter project at some 60,000 tonnes per annum of copper. Beyond that, we currently have resource development drilling and prefeasibility studies underway on two legs of an expansion project. This expansion is aimed at doubling the scale of our production.

The first leg is the expansion of the Zone 5 mine targeting to increase production to some 80,000 tonnes a year of copper and approximately 2.4 million ounces of silver. That is shown in the second wave of the diagram.

The second leg of the expansion involves the development of new mines at the deposits around Zone 5, targeting to further increased production to over 130,000 tonnes per annum of copper and matching amounts of silver. This expansion integrates these two legs and does require the construction of new processing capacity to complement the mines.

The second diagram on this page shows the outline of our license area, demonstrating the plus 150 kilometers of northeast, southwest strike extent with the purple and gray colors showing the context that hosts the copper-silver mineralization throughout across the license area.

You will recall from the video that Zone 5 currently offers a 92-million-tonne resource, grading 2.2 percent copper and 23 grams per ton of silver, although it remains open at depth. We are currently working on the three deposits immediately around Zone 5, at Mango Northeast, which is on strike from Zone 5, and at Zone 5 North and northeast, which are located on repeats of the mineralized context to the north of Zone 5.

These three deposits offer us further 77 million tonnes of resources and we're still drilling. These, along with the Zone 5 resource, bring our high-grade inventory in that area alone to some 170 million tonnes averaging Zone 5-type grades.

This large, high-grade resource base will then be the feed for this proposed expansion, which as I said, is aiming to double production for Khoemacau.

Beyond this, we have an ongoing Greenfield exploration program targeting opportunities across the license area, with some of these shown as blue stars on the diagram.

Finally, and still very importantly, we have considerable work underway on the ESG front as we develop into a fully-fledged modern mining company with considerable focus on safety, health, environment, and community as you saw in the video. However, we are already looking beyond these immediate imperatives to issue such studies on renewable energy, in particular, solar, given our location in the Kalahari Desert.

In closing, notwithstanding these exciting future opportunities, a successful delivery of the starter project, according to the plan set out earlier in this presentation, remains our highest priority. This is the immediate prize for our investors and stakeholders, but it will also unlock the potential of this new copper silver district. Thank you.

Mark Isto
I'd like to thank John and Johan for their participation today but would also like to acknowledge what great partners John and Johan on behalf of Khoemacau Copper Mining have been in this important development. For me, this highlights the significant value in both being able to recognize a good quality asset but also a high-quality project team to realize the potential value.

We'll now turn the session over to Paul.

Paul Libner
Thank you very much, Mark and John. And good morning, everyone. Albeit virtual, it is a pleasure to be speaking to you today about how Royal Gold thinks about allocation of capital.

But before I get into some of the details around capital allocation, I wanted to make a quick introduction of our highly experienced finance, accounting, and tax team, as shown on Slide 2.

First, a little bit about my background. I was recently appointed CFO and treasurer of Royal Gold back in January 2020 but started with the company back in 2004 as the corporate controller. I began my career at Ernst & Young, where I provided years of audit and insurance services to many public companies in the financial services and healthcare industries.

As you can also see on this slide, our finance, accounting, and tax consists of seven other highly experienced professionals. In fact, I've worked with many in our tax and accounting group for most of my time at Royal Gold, which really demonstrates how deep our organization is with Royal Gold's specific experience.

I recognize that people are your most important asset, and I am very proud to work with this group.

Some of the primary functions of this group are ensuring our financial and tax reporting are accurate, working with our business development team with deal structuring, working to ensure our stream purchases and sales programs are executed timely and efficiently. And finally, this team assists me with ensuring we have access to competitive sources of capital and low-cost treasury solutions.

Turning to our corporate structure on Slide 3, Royal Gold operates under two business segments, the royalty segment and the streams segment. Our business has really evolved from our earlier history when the royalty segment was our only source of revenue. Our royalty interests are largely held by our U.S. and Canadian subsidiaries and are managed by our U.S. and Canadian personnel.

Royalties are considered passive income and are taxed through U.S. and Canadian corporate tax regimes. Today, our royalty segment accounts for nearly 30 percent of our total revenue. And that portfolio's revenues and cash flows help us to service our debt, pay dividends, and fund any opportunistic royalty investments.

Our stream segment has really evolved the past five-to-seven years and now accounts for approximately 70 percent of our annual revenues. Our streaming contracts are owned by our Swiss subsidiary. And the managing of our day-to-day metal purchases, metal sales, and streams monitoring are all done in Switzerland by our Swiss personnel.

Switzerland has an excellent treaty network with the U.S. and other countries and has a competitive corporate tax environment. We have said to the market in the past that our stream investments have an approximate tax rate of 13.1 percent for calendar 2025 and 16.2 percent thereafter. These rates include Swiss statutory rates and a U.S. corporate tax concept known as the GILTI Tax for global intangible low taxed income.

Over the past few weeks or so, there have been quite a bit of chatter in the U.S. media and from the new presidential administration about possible changes in U.S. corporate tax policy. Although the discussions in Washington are still ongoing, the Biden infrastructure plan clearly contemplates an increase in corporate and GILTI Tax rates. But it remains early in the process and we have significant negotiation on the size and funding of the bill are still in front of us.

For this reason, we cannot really predict what changes, if any, may impact our operations. We will keep the market updated as the bill progresses through the negotiation process over the next few months.

For our current fiscal year purposes, however, we continue to forecast an effective tax rate between 19 and 23 percent. Next slide.

Slide 4 provides illustration of one of the five core attributes that we'd like to speak to here at Royal Gold. And that attribute is our financial strength. The left of this slide highlights our liquidity position as of December 31st, which included nearly $400 million in cash and $800 million available on our credit facility.

Our credit facility has evolved over time and it is a key strategic tool for financing our business. When I came to the company back in 2004, the credit facility was only $10 million and included one bank. Today, it is now $1 billion and includes a syndicate of eight very strong lenders and supporters of the metals and mining sector. The facility is very low cost, flexible, and allows us to draw or repay without penalty.

As shown on the right, the company remained focused and committed to servicing our debt during the first few months of 2021. We've repaid $50 million in January and made a final repayment of $150 million in early April, leaving us with a full $1 billion now at our disposal.

With our existing cash balances and $1 billion available on our credit facility, we believe our current liquidity is sufficient for business opportunities we see today. Next slide.

Slide 5 highlights another core attribute of Royal Gold, which is our disciplined capital allocation. We often get asked about our capital allocation strategy and the consistent answer over the years is our capital allocation will first prioritize our balance sheet; second, dividends; and third, reinvestments into the business.

This slide further illustrates this prioritization and strategy during our last fiscal year. Royal Gold offers a financing alternative in a cyclical business. Therefore, I need to ensure we maintain a strong balance sheet, so we have the ability to act quickly when we see new opportunities, which many times comes at the lower point in the commodity cycle.

With respect to our dividend, you have often heard this management team say over the years that we view our dividend as a firm obligation. This statement remains very much true today. At the end of each day, I always want to ensure we have sufficient capital on hand and available to help us invest and further grow. Next slide.

Slide 6 expands a bit on our capital discipline. Here at Royal Gold, we like to think and measure our performance in terms of per share metrics. We aim to fund our growth by using cash on hand, our stronger operating cash flows, and our credit facility, generally in that order, too. In our fiscal years 2015 through 2017, we funded nearly $1.5 billion to acquire stream interests at Pueblo Viejo, Andacollo, Rainy River, and Wassa and Prestea.

As illustrated by the gold and blue boxes during this timeframe, we primarily funded these acquisitions through strategic use of debt, including our available credit facility and without issuing any new shares as shown in the solid gold line above the boxes. Again, as we like to measure ourselves on a per-share basis and show accretive per-share growth, equity is our least favored method of financing future growth.

We are comfortable using and taking on debt, say even up to three times net debt to EBITDA if we can see good reduction in that leverage over a reasonable period of, say, 12-to-18 months. We would prefer to use debt to acquire cash flowing or near cash flowing assets and keep the growth for our shareholders. Next slide.

As we are focused on growing per-share metrics, our overall share count has been a key metric for a company. Slide 7 here highlights some interesting facts regarding our share count.

First, as one of the original members of the GDX, Royal Gold has the lowest share count among all index members. Second, as illustrated by the dotted gold line, Royal Gold's share count has increased less than 1 percent since 2015. Finally, when compared to many of the large cap precious metal peers, including our direct stream and royalty competitors, we have maintained our share counts since 2015 while others in this slide have grown their counts by nearly 10 percent or more over that same time period.

The one downside to a low share count, however, is that smaller increases in our reported expenses and have a greater impact on our reported EPS. An increase in pre-tax expense of, say, $600,000 as an example, would decrease our EPS by nearly 1 cent per share. I view this as a worthy tradeoff for limited shareholder dilution and as a continued challenge for all members of the Royal Gold team for cost containment. Next slide.

In some of my earlier slides, I provided an overview of our capital allocation strategy and discipline. Slide 8 illustrates how we have been able to grow and finance our growth accretively over the past 20 years and all without significant equity dilution.

Since 2000, we have grown our revenue by over 50 times, our operating cash flow by over 80 times, but our G&A expenses have only grown by about 13 times, and our share count just under 4 times.

Said another way, there are three aspects of our growth over the past 20 years. First, revenue growth, which growth has been driven by volume increases and not just metal prices. Second, the growth in our G&A expenses has been limited, which further illustrates the scalability of our business model and the cost discipline approach we have here at Royal Gold.

The third aspect of our growth has been that our equity dilution has been far outpaced by the growth in our revenue and operating cash flows, leaving our shareholders to benefit. Next slide.

My final two slides focus on our dividend. I mentioned earlier that capital discipline and financial strength are core attributes for Royal Gold. But another attribute that is very, very important to us and is a key strategic objective is a return of capital. Specifically, our consistent commitment is to pay a growing and sustainable dividend.

As shown here on slide nine, we have paid a dividend since 2000 and we have increased our divided every single year, despite years in which we witness a significant downward movement in gold price by 2011 until about 2016, as shown here.

Our calendar 2021 dividend increased 7 percent over the 2020 rate, and it was the 20th consecutive year we have increased our dividend.

Since inception in 2000, we have returned nearly $620 million to shareholders in the form of dividends. Our recent 2021 dividend increase was also the largest increase Royal Gold has announced in six years.

Now, we know there have been larger percentage dividend increases in the industry these past few months and these increases were largely due to favorable metal prices. But again, we want our dividend to be sustainable and something we continue to drive in any price environment.

Unlike other companies in the precious metal sector, we do not wish to be in a position where we raise our dividend only to have it pulled back or cut it altogether should metal prices become less favorable. Next slide.

My final slide today, Slide 10, provides further perspective on our unique dividend history compared to other GDX members. As shown in this chart, Royal Gold leads many of our larger precious metal peers in both number of years with a year-over-year dividend increase and number of years paying a dividend. Being in the upper right of this chart is where you want to be, and we intend to maintain this position in the years ahead.

One final point and something we are also very proud of is that Royal Gold is a founding member of the GDX, and we are the only member to increase its dividend every single year.

And with that, I will now turn the discussion back over to Bill for closing comments.

Bill Heissenbuttel
We appreciate your attention during the formal part of our session and hopefully we provided a good update on our activities and why we remain enthusiastic about Royal Gold's future.

I'd like to open the session to Q&A. And I'll ask the operator to open the floor to questions.

QUESTION AND ANSWER

Operator
At this time, I would like to remind everyone, in order to ask a question over the phone, please press star, then the number one on your telephone keypad. You may also ask a question via the webcast by typing it in to the Q&A widget.

We'll pause for just a moment to compile the Q&A roster.

Our first question is from Cosmos Chiu of CIBC. Please go ahead.

Cosmos Chiu
Thanks, Bill, and team for a very thorough and very good presentation today. Maybe my first question is on some of the future corporate opportunities here.

Bill, as you talked about there is a good mixture within your portfolio with some stream and royalties coming from primary gold assets, others coming as byproduct from base metal mines. A clear focus has been on some of the streams as primary gold assets.

I'm just wondering as we look out, where are some of the key opportunities, you know, as we look into the future? And given how base metals have done better than precious metals, at least year to date in 2021, has that dynamic changed? And what should we be looking for?

Bill Heissenbuttel
Yes. Cosmos, thanks very much for the question. You know, I do stress the fact that we do have more precious metals streams on precious metal assets. You know, that's not necessarily by strategy. Those were the opportunities that arose. I will admit that the--sort of the center of the plate for our business is a byproduct of a base metal mine. And that's where I would expect more of those opportunities to appear.

I think your question about the health of the industry was based on the prices going up. I think that's a great opportunity for us because the higher the price, the higher the potential of return on investment, and the more potential we have for project development. I've always said that our product is very flexible.

If companies have balance sheets that are stressed, we can help out. If those balance sheets get healthy and they're liquid, we can then turn to helping those same companies build the next mine.

So, again, you know, the precious metals focus on the streams, again, I just want to stress was not--we're just looking for precious metals--stream on precious metal assets. We'll do both. And I do think it is--it's more base metal driven. And I do think that's where we'll see a lot of opportunity going forward on the project development side.

Cosmos Chiu
Of course. And then, Bill, in terms of the size of these different opportunities, we've seen recent deals within this space ranging between 300 to $500 million acquisition cost. Is that what we should be anticipating for Royal Gold as well?

Bill Heissenbuttel
I'd expand your range. I'd drop it down to 100 million and up. I think the transaction sizes that we see--I'd almost bifurcate it between, say, 100 and 300 to 350 and then a little bit above. So, I would say maybe focus a little more on a slightly smaller size than 300 to 500.

Cosmos Chiu
For sure. Maybe switching gears a little bit on Khoemacau. You know, during the last quarterly update, Bill, you had mentioned that, I believe, Khoemacau needed additional financing of about $50 million to complete the construction and get it to commercial production.

You know, as you talked about last time, there were several avenues at least available from Royal Gold, either it be the--you know, about $53 million additional funding that would increase the silver stream or $25 million debt financing that's available.

I saw that there was a draw, I think, on April 7th. Could you maybe talk about that dynamic and how that's--have they drawn on any of those available, lines of credit or financing options? And where are we today?

Bill Heissenbuttel
Yes. So, I hope we were able to point out that, you know, we did have, say, $78 million committed to Khoemacau in terms of overrun funding. In early April, we saw about 10 and change on the stream and 18 on the revolving credit. So, we still have 50--around $50 million committed to the project if they needed it.

The choice between--you know, we had sort of left the choice between revolving credit facility and stream up to Khoemacau and through discussions over the past couple of months. This was just the draw that was determined by the company to go forward.

So, again, we did advance around $28 million. And we've got that other 50 still committed if they need it.

Cosmos Chiu
Got it. You know, Bill, I asked you this question on the last quarterly conference call as well, but since I have John Munro and the team from Khoemacau here, if I can ask again. The $50 million in terms of the additional financing that was needed or that is needed, is that also COVID-19 related? And how much cushion have you built in at the operational level after this additional $50 million financing?

Bill Heissenbuttel
Yes. And Cosmos, what I'll do is I'll just--I'll field that question. I'm going to turn it over to Mark, though, initially. Maybe Mark wants to make a comment and then perhaps pass it on to John.

So, Mark, do you mind handling that one?

Mark Isto
Yes. Sure. Good question. We certainly haven't been asked for any additional funding at this point. But to provide more color, I think we'll ask John to make some comments.

John Munro
Yes. Sure, Mark. Thanks. So, just to remind you that we're on a cyclical funding draw. So, that first of April draw was the last quarterly draw we did. If we were going to do another one, it would be the beginning of July or beginning of October. That's the rotation we'd set up with our funding group.

And so, just to clarify the numbers, as Bill was saying. So, in the April draw, we drew down the 10.6 of the stream and 18 of the loan. And that leaves about just short of $50 million undrawn

from Royal Gold. And we actually have other funding sources potentially available to us through the rest of this year.

As we stand today, and I'll come back to a bit of a rider on this, we don't expect to be drawing anything material from here between now and as we're reaching production. So, there's nothing material that we've lined up and can see.

But I would just flag that the really tricky funding period comes when you're starting up the mill, but you've still got a tail of CapEx. And that overlap occurs around the middle of the year. So, I wouldn't want to make any promises. But at this stage, as I said, we don't project anything material, but we still have significant sources not only as the Royal Gold facilities but potentially others as well.

I would be reluctant to comment too much on cushions because we have got other private entities involved in the funding of the structure and they like to keep their affairs that way.

Cosmos Chiu
Great. For sure. Maybe one last question on Khoemacau here. As John mentioned, there's expansion opportunities. But it sounds like these expansion opportunities will require construction of further infrastructure.

You know, to confirm, can you remind me, the current mill is for the starter pit. And I guess anything beyond a starter pit, you would need additional infrastructure. And on that is there anything that you can leverage off of what you're building right now on the mill that you could use in an expansionary case?

Bill Heissenbuttel
Yes. I'm going to turn it to Mark, basically. I'll just say starter pit. It's an underground operation that they're focused on.

Cosmos Chiu
Oh, sorry.

Bill Heissenbuttel
That's fine. That's fine.

Cosmos Chiu
I'm not that stupid, yes.

Bill Heissenbuttel
No. No.

Cosmos Chiu
Starter operation.

Bill Heissenbuttel
I'll let Mark handle the rest of it.

Mark Isto
Yes. Yes. Thanks for that clarification, Bill. Yes. They're--we obviously invested in the starter project and it--the expansion was always a piece of discussion and a strategic plan for the

Khoemacau team. But I think we'll let Johan give us a bit of an update on kind of his thinking with respect to that expansion and how he sees it unfolding in the future.

Johan Ferreira
Thank you. Can you hear me, Mark?

Mark Isto
Yes.

Johan Ferreira
All right. Super. Thank you. Yes. Look, we don't want to go too much into detail in terms of the expansion and distract from the immediate priorities, which is delivering the starter project. And starter might sound small, but we talked about 60 kilotonnes of copper metal and 1.9 million ounces of silver metal per year.

In terms of timing of the expansion project, our target is to complete an advanced pre-feasibility study by the end of this year and then moving into a feasibility study and finish that off by--in 2022. After which, a funding process and (INAUDIBLE) then a two-year build process.

So, there's--some of the services infrastructure that was put in place for the current starter project will be shared and will be available. So, it was sized appropriately we also paid for our needs but also for some expansion needs as well. Yes there is additional resource that will be required. We need to cater for it.

But I think it was a holistic approach when we looked at starting off the current project and the way we go. I don't know if that's answering your question.

Cosmos Chiu
Yes. I think that was great. And clearly, Bill, you need to get me to site so I don't mess this up again.

And then, maybe one last question here before I pass it on, and hopefully, I don't mess up this next question as well. You know, great to see Royal Gold a founding member of the GDX. But clearly, the bigger index in the U.S. is the S&P 500 and currently there's only one company in the S&P 500. That's Newmont.

I don't know if you can comment on this, Bill, but what’s the possibility, probability that Royal Gold could get added? Because I think if it does, it's going to be a huge positive impact.

Bill Heissenbuttel
Yes. Cosmos, we've talked about, you know, this in the past. We sort of--I would say we bob around in terms of market cap and where we--you know, we think we might be eligible. You know, we have reached out to literally make sure people know Royal Gold. But selection into the S&P 500 is pretty much a black box. And I understand it.

You know, they don't--they don't want people campaigning for inclusion. So, it's really out of our control. The only thing we can control is as you try to continue to grow the company, grow the market cap of the company, and make it an easy decision for them if they ever get to the point where there is an opening.

And I can tell you, even if we are at a certain market cap, an addition might be based on a split of industries. Maybe they want to add a different industry to the S&P 500. They might select someone smaller than us.

So, I wish I could give you more, but this one's really out of our control.

Cosmos Chiu
Of course. Thanks, again, Bill and team. And thanks again for taking my questions. And we look forward to the remainder of 2021.

Bill Heissenbuttel
Thanks, Cosmos.

Operator
The next question is from Josh Wolfson of RBC Capital Markets. Please go ahead.

Josh Wolfson
Thank you. And again, appreciate the team taking the time today to go through everything in such detail. Just a couple of quick ones for me. First, for Khoemacau, for the upside opportunities and the resources that were outlined, is all of that included within the stream boundaries?

Bill Heissenbuttel
Mark, do you want to handle the discussion of the AOI?

Mark Isto
Yes. So, we've got an AOI that measures 20 kilometers on strike and 8 kilometers in width. The opportunities that John talked about, of those, Mango NorthEast, which I believe has about a 20-million-tonne resource at this point, is certainly within our area of interest. I believe the rest of the ones that he talked about are outside the area of interest. But Mango NorthEast is on strike with Zone 5.

Josh Wolfson
Okay. Thank you. And I understand there's, you know, still a lot of uncertainties related to, you know, potential tax changes in the U.S. and it's difficult to comment on them without formal--proposals having been placed and also the ability to interpret those proposals and understand the timelines.

But when you're--when the team is looking at pricing future transactions, how do you do so with this uncertainty still out there? Do you--are you looking at sort of pricing things with the worst-case assumption? Or how does this affect the overall outlook for the ability to appropriately price things?

Bill Heissenbuttel
Yes. No. At this point right now, we're working under the current tax law. We just have no idea what is going to happen, if anything, to the tax rate. So, you know, we might out of curiosity build something in but at this point, it's not going to drive how we value things. We have to work under the law that we know.

Josh Wolfson
Okay. Those will be all my questions. Thank you very much, again.

Bill Heissenbuttel
Thanks, Josh.

Operator
The next question is from Greg Barnes of TD Securities. Please go ahead.

Greg Barnes
Thank you. Bill, a hypothetical question. I understand your focused on gold, but if there's an opportunity out there that--on royalty or stream on a world class asset, multi-decades of life, great partner, great tenure, but it's not gold, would you just not look at it?

Bill Heissenbuttel
We would look at it. Absolutely. I like to joke, if Escondida needs some financing, would I look at a copper stream? Yeah, you know, probably would.

All I'm saying is--and I've said this, if the business development team has five projects in front of it, three are gold, one's silver, and one's copper, that's probably the order in which we're going to look at it and prioritize it.

You know, when I became CEO and went around to all the--all of our investors and they said, will the strategy change? I said, no, we're going to stay focused on royalties and streams. We're going to stay focused on precious metals and gold in particular. And they said, that's great. You know, that's what we wanted to hear.

So, it's not--I'm not saying we're never going to do something outside of it. All I'm trying to do is tell you what our priorities are.

Greg Barnes
Right. I guess, obviously, with your competitor yesterday announcing what they did on iron ore and within the scope of Royal Gold now, it would be meaningful. It certainly wouldn't push you over the edge of not being a precious metal company.

You know, could that bounce to the top of the list, given the quality of the asset? Something like that anyway.

Bill Heissenbuttel
Yes. You know, it would depend on the size as well. And you know, I--maybe Franco's always had a history of having oil and gas in their portfolio. And so, maybe it's a smaller step.

Doing something of that size in a metal like that would be a pretty substantial change. But again, I'm not saying no. But in my remarks what I said is, yeah, we do have these, you know, minimum precious metal thresholds that we don't want to get below, but I don't look at it and say, well, I could fit an iron ore deal into my portfolio and gold would only go to 70 percent. That's not the way we think about it. We're always really focused on the precious metals.

Greg Barnes
Okay. Fair enough. Thank you.

Bill Heissenbuttel
Thanks, Greg.

Operator
Our next question is from Tyler Langton of JP Morgan. Please go ahead.

Tyler Langton
Yes. Good morning. Thank you. Just in terms of capital returns, I guess, you know, if you don't sort of come across, you know, sort of deals that you're looking for and is recognizing you want to keep the regular dividend at sort of a sustainable level that you can grow. And I guess, can you talk a little bit about would you look at buybacks or supplemental dividends and just sort of thoughts and preferences there?

Bill Heissenbuttel
Yes. I mean, what we've--what we have talked about for a number of months because we get the question quite a bit is we wanted to fund Khoemacau and we may have funded the last of that commitment and we wanted to pay off the loan, which we've done.

So, I think it is appropriate and I expect we are going to have internal discussions about if we have more liquidity than we believe is necessary to compete for new transactions, what would we do with that excess capital? And I would say increasing the annual dividend, paying a special dividend, buying back shares are--would have to all be on the table.

Probably my greatest reluctance is to mess around with the annual dividend personally just because we want to keep that growing and sustainable. But everything would be on the table.

Again, I've been with the company since 2006 and we've never been in that type of position. So, it is something that we are going to discuss because it's obviously important to our investors because we hear about it all the time.

Tyler Langton
And just is there sort of a minimum level of liquidity, you know, that you think you need to be able to compete for deals out there?

Bill Heissenbuttel
I don't have any firm number for you right now. That is sort of a dialogue. And it comes back to what are the typical sizes of the transactions? And how many are we seeing? Because with business development flow has been pretty good lately.

So, I'm not sure there's a number right now, but that's part of our discussion.

Tyler Langton
Great. Okay. Thanks so much.

Bill Heissenbuttel
Thanks.

Operator
The next question is from Jackie Przybylowski of BMO Capital Markets. Please go ahead.

Jackie Przybylowski
Yes. Thanks very much. I guess I want to come back to something that you talked about early in the presentation on due diligence and things like the virtual core shack visit. Can you talk about

how you sort of protect yourselves on the due diligence side? And just to ensure that what you're seeing on screen is a true reflection of what's at site.

Like, how do you manage that risk?

Bill Heissenbuttel
Mark, I think that's one for you.

Mark Isto
Yes. Very good. Well, it's a good question. And I wouldn't say that we could do virtual due diligence on every project. We've done more of the ones that we've looked at over the last year. We thought it was appropriate.

But I think to answer your question, I think it gets down to, for instance, on the drone work. We had an independent company go out and do that. Obviously, you need the site personnel to help you with that. But it's relatively independent.

And on the core shed, what we do is we typically will choose the holes that we would like to look at from a core photo standpoint and get those core photos and have them processed so we can look at them in a 3D tool that we showed on the screen.

So, we tend to try and pick what we're looking at. But on the flipside, certainly sometimes and many times, we have to rely on the owner to walk through--do a walkthrough video for us. And there's certainly the chance that we've--they aren't going to show us everything.

But I guess you just have to do enough to feel like you're getting the right picture. I think if you do a small amount, you aren't going to get the right picture. If you do enough, I think you do get the right picture. But again, it's not one recipe fits all situations, for sure.

Jackie Przybylowski
That makes sense. Thanks. I guess as an analyst on the finance side, I guess (INAUDIBLE). So, I was just curious.

I did want to switch gears and maybe ask you a couple of questions about Khoemacau. I thoroughly enjoyed the presentation. I really want to thank John Munro and his team for joining. That was really helpful.

Maybe just to start at the beginning of that presentation on Khoemacau. You talked about the emerging I think you said Kalahari belt. And I know you've identified a number of projects on your own site or expansion opportunities on your own site. Are there other opportunities in the belt that you--that Khoemacau would consider adding into the existing land package? Or is that--is there enough opportunities already that you have?

Mark Isto
Yes. John, I think that's probably one for you to give a response to.

John Munro
Yes. Sure, Mark. Thanks. So, just to talk bigger picture, the most significant property outside of ours is to the southwest where Sandfire is developing a project they acquired probably 18 months ago the MOD company in Australia. So, there’s development underway there.

But back to your question, we're very focused on our land package, given how large it is. And in fact, the quality of targets that we have. As we've noted, we're currently drilling on the three satellite deposits around Zone 5. Zone 5 is open at depth. And then, we actually have a number of other targets immediately in that broader northeastern area that we would draw in advance of anything else that we could lay our hands on.

So, we have a good understanding of what we think controls mineralization across our property. And from that, to prioritize the--our activities. But we believe we have resource development and given early-stage exploration targets that could keep us going for many years to come. So, really aren't looking outside of our immediate license area.

Jackie Przybylowski
All right. That's great. Thank you very much. That's helpful.

And maybe finally, one last question. This is maybe more of a housekeeping question. But at the beginning of the Khoemacau presentation, you talked about the production levels and--I'm sorry. I wrote this down but I'm not sure I got it right because I was writing really fast.

Over the life of mine, it said you said average 9.1 million ounces of silver per year. Can you just comment on what's the expected payability on that is and what the--what we should expect Royal Gold to actually receive and sell from its portion of that? But I'm assuming that's going to be present in the copper concentrate. Is that right?

John Munro
Yes. So, yes. The copper and silver report together to the concentrate. The thing is it's going to be shipped to an independent smelter through a third party. The--Royal Gold's exposure to the concentrate offtake, while they don't have exposure to the contract that we set up, there's a certain payability set out in the contract.

But the headline numbers that was spoken about in the presentation of 1.8, 1.9 million ounces per year of production from the starter project is the right number to work from in terms of the total production. And as Mark said earlier, currently--based on the current funding structure, Royal Gold has an 84 percent stream over that, given the funding that's occurred to date.

Jackie Przybylowski
Okay. Thanks for the clarification. That's it for me. Thanks, everybody.

Bill Heissenbuttel
Thanks, Jackie.

Operator
Again, if you would like to ask an audio question, please press star, then one on your telephone keypad. To ask a question via the webcast, please type it into the Q&A widget.

The next question comes from Brian MacArthur of Raymond James. Please go ahead.

Brian MacArthur
Hi. Good morning. I just want to go back to this philosophical discussion again, Bill. Maybe ask, I guess, maybe Greg's question, one of the other questions differently.

Have you had an opportunity for a 25-year copper stream or royalty or a--versus a 10-year gold stream or royalty and they both had the same rate of return, does your philosophy mean you take the gold one there? I mean, in one case, gold's theoretically, if you extend it, you got more optionality, but the other one has more certainty. I mean, obviously, what you want is Khoemacau in a world where you get 21-year duration with, you know, gold or silver.

But how would you trade off just philosophically those other two options?

Bill Heissenbuttel
Well, if the copper asset is of the quality that I mentioned, I'd want to do both of them. You just--the reality is the copper opportunity is probably not going to be on a world class operation. So, I'm going to look at the gold one first. I'm not going to ignore the copper opportunity. And I think where your question is going is, wouldn't it be good to have longer lived assets in the portfolio? And I could say, yes, but I guess what I'm hearing from my investors is we want to be precious metal focused. And, you know, if I can win that 10-year gold project that maybe it becomes a 15 or a 20-year gold project, that's probably where I'm going to put my resources first.

But again, I don't want you or anybody else to think that a high-quality base metal type opportunity comes up and we just throw it to the side because we don't.

Brian MacArthur
Right. And I guess it's not a totally fair question because I did assume the rate of return is the same and probably the copper one gets billed down to a lower rate of return, too, right? So, I guess that comes into thinking as well.

Bill Heissenbuttel
I'm not sure how you're thinking about it. I would say, you know, the gold one is probably where your return would be lower than a copper one. And just given the competitive dynamics of our market right now.

Brian MacArthur
Great. Thanks. And that's very helpful.

The second thing is maybe just following up on Jackie's question, because as you said, there's new ways to do due diligence right now. You talked about drones and core. How big a deal would you feel comfortable doing without, you know, boots on the ground at the end of the day? Would you be willing to invest up to 50 million without having someone on ground?

Bill Heissenbuttel
I think we've become very comfortable with the way we've been able to do virtual due diligence. So, I don't--we do not have a limit above which we just won't go because we can't have boots on the ground. We're either going to get comfortable or we're not. And the dollar amount is sort of less of an issue.

If Mark comes to me and he says, look, I just don't know enough on a $10 million deal, we wouldn't do a $10 million deal. If he tells me we're comfortable and it's a $400 million deal, we'd go forward.

Brian MacArthur

Great. That's helpful. And sorry, just switching gears to another thing. And I apologize because I'm going to get this wrong because I don't remember how to pronounce it. But is there anything still happening on that, you know, the Ilovica project, the one with Euromax? At one time, you had a commitment I think of potentially 175 million on that. And I think I read something in the latest Q that it's still theoretically active.

But what's actually happening there? Anything?

Bill Heissenbuttel
Yes. I'll give you a couple of sentences and then I might--if I can get Jason--Jason Hynes is a little closer to it. He may or may not be able to add anything.

There's not a lot going on there with--I think we funded between $11 and $12 million to move the project through permitting. It did caught up in permitting and politics. The rest of the investment is sort of--it's at our option. There's a bunch of conditions to it at this point. You know, there was an election. I think there was a delayed election. And, it just--it needs time to I think work through politically.

There is a case out there with respect to the validity of their permit and their mining concession. But you pretty much tapped what I can recall right now.

Jason, is there anything you would add to that?

Jason Hynes
I would just say that they have some strong equity partners who are very patient and who are going to help them try to get through the current situation. At the end of the day, they all believe it's a great project for the country and they hope that they're able to convince everybody of that and get the project back on track.

Brian MacArthur
Right. So, all the conditions that you--from your perspective, everything that was put in place originally back in 2014's still there, as you said, if it does come back.

Bill Heissenbuttel
The agreement's still in place.

Brian MacArthur
Right. Okay.

Bill Heissenbuttel
But as you would imagine, there are permitting, financing, et cetera hurdles before we're going to put any more money into it.

Brian MacArthur
Right. Which is the way it was designed originally, right?

Bill Heissenbuttel
Yes. Yes.

Brian MacArthur

Right. Yes. And finally, this is a bit of an odd question for me to ask. Have you ever given any thought of changing yearend to December 31st so that production of your--I mean, I realize there's a delay when you get shipments anyway, but has there ever been any thought given to switching the yearend to match up with the operators?

Bill Heissenbuttel
Yes. There have been internal discussions. But here, we've been a June fiscal yearend forever. So, I--you know, the things I focused on when I came in was--it was selling Peak. It was trying to get our ESG program to a higher level.

So, yes, there have been discussions but nothing more than that.

Brian MacArthur
Great. Thanks very much for answering all my questions, Bill.

Bill Heissenbuttel
Thank you.

Operator
We will now take questions from the webcast.

Alistair Baker
Yes. I've got a couple here that have come in. Bill, question on commodity pricing. You've done a good job of buying streams at low prices in the past and you sold Peak at a relatively high price. Given the high commodity prices now, is it harder to add accretive stream transactions to the mix?

Bill Heissenbuttel
I don't think it's harder. And I would just, it's very nice that you point out that we bought streams at a low price and sold Peak at a higher price. I don't want anybody to think that we are somehow able to time the market. We just sort of deal with it as it comes.

What we find is it's a little harder to reach closing on agreements with prices where they are because there tends to be a bit more of a wider range between where an operator wants to sell with the gold price where it is now and where we want to buy, given the historical price ranges that we've seen.

So, I--you might say it's harder, but what I would just say is the bid ask spread between the operator and us tends to get a little bit bigger as prices are more volatile, in particular when they're volatile around at a higher end of a range.

Alistair Baker
Okay. I think that addresses that question. Thank you.

Another question about Khoemacau. Great to see the detail and appreciate the overview. How did you come across this opportunity?

Bill Heissenbuttel
I mean, it goes back years and we always used this as an example of how patient you have to be in this industry. I can't tell you exactly when we started discussions, but I'm going to say it goes back seven years, eight years. And we just had a historical relationship with some of the

founding members. I actually just gave a lecture at the Colorado School of Mines for Steve Enders' class and Steve was one of the founders of it.

So, it was--it's just knowing the individuals, knowing the quality of the individuals, and being patient on discussions as they go forward because we would start commencing discussions and then I think Johan was brought in. They wanted to take another look at the technical side of the feasibility. You say that's great. The more work you do, the better it is.

But it goes back years and years and it's personal relationships between us and the folks at Cupric.

Alistair Baker
Okay. Another one. Would you consider providing more debt funding to other projects or companies as you have with Khoemacau?

Bill Heissenbuttel
Yes. It is something we're willing to consider. But if you look at the relative size of the stream versus the debt, you've got $265 million at max versus a $25 million debt facility. We don't mind providing some debt. We did it at Golden Star. We had that $20 million loan that we made around $145 million stream.

So, it's really got to be weighted towards the core business before we start getting into other sources of capital that we might provide.

Alistair Baker
Okay. And there's one last question on the web that's come in so far and it's around Khoemacau and timeframe for the expansion of Zone 5. So, the Zone 5 expansion project, is there a timeframe for that? And considering any other expansion projects by Khoemacau as a company would Royal Gold deploy more capital into those projects?

Bill Heissenbuttel
Mark or John--Mark, do you want to--?

Mark Isto
Well, I think--yes, I'll just hand it off to John, I think.

John Munro
Yes. Thank you. So, just repeat what Johan said. So, we're--this year, it's to move from--we're in pre-feasibility, get that to an advanced pre-feas stage and then targeting feasibility study on the expansion by the end of 2022. And followed then by advanced engineering and fundraising and parallel or refinancing activities, put it that way, given where we are today.

So, that would put an investment decision on the expansion in 2023 with a two-year build period to follow that. So, that's the macro timeline that we're working to at the moment. That is by the far the biggest focus in terms of our project pipeline. But we do have exploration programs at are earlier stage targets following beyond that. But the majority of the focus from a pipeline point of view is the expansion project.

Alistair Baker

Okay. Thank you, John. There are no other questions on the webcast. And it looks like we're the same with the phone line as well. And we're almost at the top of the hour.

So, we really appreciate everybody spending the time with us today to hear what we have to say. And this concludes our investor update. Sorry for the little technical glitch at the beginning of the call.

We certainly appreciate your interest and support, and we look forward to connecting with you again in the future.

Have a good day, everybody. Thank you.

Operator
This concludes today's conference call. You may now disconnect.